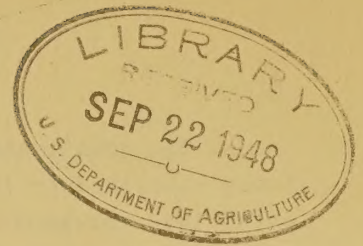


UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration



INSTRUCTIONS AND PROCEDURE FOR COUNTY
COMMITTEES PERTAINING TO THE 1941 COTTON LOAN PROGRAM

The county and community committeemen are charged with additional duties and responsibilities in connection with the administration of the 1941 Cotton Loan Program. Therefore, it is important that State, county, and community committeemen become familiar with 1941 CCC Cotton Form 1, "1941 Cotton Loan Instructions," as well as the procedure and instructions set forth below.

Section I. DESIGNATION AND APPROVAL OF CLERKS

CCC Cotton Form A, "1941 Cotton Producer's Note and Loan Agreement," will be accepted by the Commodity Credit Corporation only after it has been prepared and the Clerk's Certificate thereon executed by a person approved by the county committee.

The eligibility requirements for persons recommended for approval as clerks are as follows:

(a) Persons Connected with Banks, Warehouses, and Production Credit Associations. A person engaged in or employed by a bank or production credit association which has been approved by the Commodity Credit Corporation as a lending agency, or a warehouse which has been approved for storing loan cotton, may be approved by the county committee as a clerk to prepare CCC Cotton Form A. The State office will furnish each county committee with lists of approved lending agencies and approved warehouses and advise the county committee currently of any additions to or deletions from the lists of approved warehouses and lending agencies. The approval of clerks shall be limited, except as otherwise provided herein, to employees of banks and production credit associations approved by the CCC as lending agencies and warehouses approved for storing loan cotton.

(b) Employees of County Agricultural Conservation Associations. In counties where adequate service cannot otherwise be obtained the county committee may, with the approval of the State committee, designate one or more of its employees to act in the capacity of clerk. If a county committee deems it advisable to designate one or more of its employees as clerks, such committee should communicate with the State office, outlining in detail the local situation and the reasons why it is thought advisable that such action be taken. The county committee shall not designate an employee of the county office as clerk until notified of the approval of such action in the State office.

(c) Others. Persons employed in other than banks and production credit associations acting as lending agencies, warehouses approved for storing loan cotton, and county AAA offices, will not be approved as clerks except in unusual circumstances. In cases where such action is deemed advisable, the county committee shall transmit a signed recommendation to the State office, setting forth the persons involved and the reasons for the action recommended. Approval of persons other than employees in banks and production credit associations acting as lending agencies, county AAA offices, and warehouses approved for storing loan cotton, shall be subject to approval of the Agricultural Adjustment Administration and the Commodity Credit Corporation in Washington, D. C., and the county committee will take no decisive action until notified of the disposition of each case.

The county committee shall advise each bank, production credit association, and warehouse described in (a) above to submit a list of the necessary number of bona fide employees which they recommend for approval as clerks. It is important that the name of each person should be shown exactly as he will sign loan forms. The county committee shall approve as clerks the number of employees of each eligible agency, as described above, which is adequate to handle the volume of business of such agency. A clerk approved by one county committee is eligible to execute loan forms in the area in which he or his employer usually operates.

The county committee shall promptly transmit to the State office a list, in duplicate, showing the name and address of approved clerks in the county, the agency each represents, and the effective date of their approval. This list shall be signed by one or more members of the county committee, and a copy shall be promptly furnished each approved lending agency and approved warehouse in the county. Each person approved as a clerk shall immediately be given notice of his approval and the date effective. At the same time he shall be advised of the schedule of fees allowed for clerk's services, as set forth in Section IV hereof.

Section II. ADDITION OR REMOVAL OF CLERKS

The county committee may add new names to the list of approved clerks at any time, subject to the standards of eligibility and qualifications set forth in Section I hereof.

The county committee shall remove any clerk from the approved list upon determination that (1) such clerk is not complying with the instructions of the Commodity Credit Corporation and the Agricultural Adjustment Administration for the cotton loan program, (2) such clerk is engaged in or employed by a bank or production credit association whose approval as a lending agency has been revoked or a warehouse whose approval for storing loan cotton has been revoked, (3) such person is no longer eligible to serve as a clerk because he is no longer engaged in or employed by a bank or production credit association which has been approved by the CCC as a lending agency or a warehouse which has been approved for storing loan cotton. The county committee may, with the approval of the State committee, remove a clerk from the approved list for inefficiency or other reasons which are justifiable and make his removal desirable. Upon notification that the approval of a bank or production credit association as a lending agency, or the approval of a warehouse for the purpose of storing loan cotton, has been revoked, the county committee will immediately delete from the list of approved clerks all persons engaged in or employed by such bank, production credit association, or warehouse.

A notice of any addition to or deletion from the list of approved clerks must be transmitted to the State office, in duplicate, on the same day the change is made, and must be signed by at least one member of the county committee. This notice shall show the name and address of the clerk affected, the agency he represents, and the effective date of his approval or removal. A copy of this notice shall be promptly furnished each approved lending agency and each approved warehouse in the county. Each person either approved or removed as a clerk shall be notified immediately of the effective date of such approval or removal.

Section III. DUTIES OF CLERKS

It shall be the duty and responsibility of all approved clerks to:

(1) Familiarize themselves with the provisions of the 1941 Cotton Loan Program, as outlined in 1941 CCC Cotton Form 1, "1941 Cotton Loan Instructions," CCC Cotton Form A, "1941 Cotton Producer's Note and Loan Agreement," and other forms and instructions.

(2) Execute the Clerk's Certificate on CCC Cotton Form A, after making the determinations certified to thereon.

(3) Execute the Clerk's Certificate on 1941 CCC Cotton Form B, in cases of a direct loan (where the note is made payable to Commodity Credit Corporation).

(4) Advise and impress upon the producer the importance of retaining his copy of CCC Cotton Form A because of the Producer's Equity Transfer certificate thereon.

Section IV. FEEES ALLOWED FOR CLERKS' SERVICES

Approved clerks shall be permitted to collect a fee from producers for executing loan forms. Such fee may be set by the clerks but shall not be in excess of the following schedule:

<u>Number of bales on the note</u>	<u>Maximum fee allowed</u>
1 - 2	15 cents
3 - 4	20 cents
5 - 6	25 cents
7 - 8	30 cents
9 -10	35 cents
11 -20	35 cents plus 2 cents for each bale over 10
21 and over	55 cents plus 1 cent for each bale over 20

Any funds collected by a county association for clerks' fees should be deposited to the County ACA account and reported monthly to the State office as a collection in accordance with established procedure.

Section V. CERTIFICATE OF COUNTY COMMITTEE

It shall be the duty of the County Committee to execute the Certificate of County Agricultural Conservation Committee, certifying that the producer is either a "cooperator" or a "noncooperator" in (1) all cases where the producer does not have white marketing card(s) on Form Cotton 511 not marked "Penalty Secured" or "One Thousand Pounds" or (2) in all cases of direct loans (where the loan is made payable to the CCC) regardless of the type of marketing card held.

Section VI. DESIGNATION OF WITNESSES

Before a purchaser of equity in loan cotton can obtain a release of such cotton from the Commodity Credit Corporation, it will be necessary that the Producer's Equity Transfer certificate and the Certificate of Purchaser on CCC Cotton Form A be executed. The county committee shall designate persons throughout the county to act as witnesses to transfers of producer's interest in loan cotton. Designation of witnesses shall be limited to employees of banks and production credit associations acting as lending agencies, county and community committeemen, and employees of the county AAA office. No charge shall be made for this service.

The county committee shall forward to the State office, in duplicate, a list showing the name and address of each person designated to act as a witness, the agency he represents, and his relation, if any, with Commodity Credit Corporation or the Agricultural Adjustment Administration, such as "lending agency," "community committeeman," or "county AAA office." Each person approved as a witness shall be given notice immediately of his approval and the date effective.

Section VII. ADDITION OR REMOVAL OF WITNESSES

The county committee may designate additional persons as witnesses at any time, subject to the standards of eligibility set forth in Section VI.

The county committee shall remove any witness from the approved list upon determination that (1) such person is not properly exercising his duty as a witness, pursuant to Section VIII hereof, or (2) he is no longer qualified as a witness, as defined in Section VI hereof.

A notice of any addition to or deletion from the list of approved witnesses must be transmitted to the State office, in duplicate, on the same day the change is made, and must be signed by at least one member of the county committee. This notice shall show the name and address of the witness affected, the agency he represents, and the effective date of his approval or removal. Each person either approved or removed as a witness shall be notified immediately of the effective date of such approval or removal.

Section VIII. DUTIES OF WITNESSES

It is important that producers understand fully the conditions under which they transfer title to their cotton. Therefore, persons designated to act as witnesses should be in a position to inform producers concerning the value of their interest in loan cotton.

To execute the Producer's Equity Transfer the producer must sign on the line provided in the Producer's Equity Transfer Certificate in the presence of a witness who has been designated by the County Committee. In addition to seeing the producer execute the Certificate, the witness shall determine that the following entries have been made thereon: (a) the date of payment (in the space provided in the heading of the Certificate) and that such date is the same as the date of execution of the Producer's Equity Transfer Certificate; (b) the name of the purchaser of the equity; (c) the amount of the consideration paid the producer for his equity, and (d) the number of cents per pound which the consideration represents (computed by dividing the total net weight shown on the schedule of warehouse receipts by the consideration paid). The witness shall sign on the same day in the space provided and enter after his signature the agency he represents.

The purchaser named in the Producer's Equity Transfer Certificate must execute the Certificate of Purchaser on the same day that the Producer's Equity Transfer is made. The purchaser must sign in the presence of a witness who has been designated by the County Committee. The witness shall also determine that the Producer's Equity Transfer Certificate has been fully executed. This witness (who may or may not be the same person who witnessed the Producer's Equity Transfer Certificate) shall sign on the line provided in the Certificate of Purchaser and enter after his signature the date thereof and the agency he represents.

The date and signature shown on the Certificate of Transferee shall be witnessed by a person designated by the County Committee. The witness shall see that the Producer's Equity Transfer, The Certificate of Purchaser has been properly executed and that such transfer is made within the prescribed ten days as set forth by Commodity Credit Corporation.

Section IX. RECORDS

The county committee shall maintain in the county office the following records of loans where (1) the Certificate of County Agricultural Conservation Committee is executed or (2) the Clerk's Certificate is executed by a county AAA office employee-

(1) For each producer who is a cooperator:

- (a) The name and address of the producer.
- (b) The farm serial number.
- (c) The number of bales and total net weight of the cotton pledged as security on CCC Cotton Form A. (If a share tenant or a sharecropper has an interest in the cotton pledged as security by the landlord, cash tenant, or standing-rent tenant, the record must show separately the share of each such person in the pledged cotton.)
- (d) Clerk's fee collected (use only in instances where an employee in the county AAA office executed the Clerk's Certificate).

(2) For each producer who is a noncooperator:

- (a) The name and address of the producer.
- (b) The farm serial number.
- (c) The amount of the producer's cotton eligible for a loan. (If a share tenant or a sharecropper has an interest in the cotton placed under loan in the name of the landlord, cash tenant, or standing-rent tenant, the record must show separately the amount of each such person's eligible cotton.)
- (d) The number of bales and total net weight of the cotton pledged as security on CCC Cotton Form A. (If a share tenant or a sharecropper has an interest in the cotton pledged as security by the landlord, cash tenant, or standing-rent tenant, the record must show separately the share of each such person in the pledged cotton.)
- (e) Clerk's fee collected (use only in instances where an employee in the county AAA office executed the Clerk's Certificate.)

- (3) Any direct loan (where the note is made payable to the Commodity Credit Corporation) entered on the above-outlined records should be indicated by some distinguishing mark in order that such entries may be easily discernible at a later time.

Section X. FORMS

Approved clerks will be furnished the following forms by the county committee:
1941 CCC Cotton Form 1 - 1941 Cotton Loan Instructions.

CCC Cotton Form A - 1941 Cotton Producer's Note and Loan Agreement.

CCC Cotton Form B - Producer's Letter of Transmittal.

The Reconstruction Finance Corporation agencies serving the district in which the lending agency is located will furnish each lending agency with the following forms:

CCC Cotton Form C - Lending Agency's Letter of Transmittal.

CCC Cotton Form D - Lending Agency Agreement.

The RFC agencies will also supply CCC Cotton Form 1 and CCC Cotton Form A to warehouses approved for storing loan cotton.

County committee requests for supplies of loan forms shall be made to the State AAA office. No persons other than approved clerks shall be supplied with loan forms through the county AAA office except when a blank form is requested for information.